

Message Text

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TO AMEMBASSY CAIRO

C O N F I D E N T I A L STATE 172449

EXDIS

E.O. 11652: GDS

TAGS: PFOR, EG, US

SUBJECT: FORD PROJECT

REF: (A) CAIRO 9284 (B) CAIRO 9103

1. WE HAVE SHARED WITH FORD REPS RELEVANT INFO IN BOTH REFTELS (EXCLUDING PERSONAL COMMENTS BY OUROUSSOFF ON FORD TACTICS). IN EXTENDED REVIEW JULY 12, FREDERICKS TOLD SOBER THAT WILLIAMS AND HE WILL BE MEETING WITH HENRY FORD ON JULY 13 TO GO OVER THE CURRENT STATUS OF THE PROJECT AND THE PROBLEMS WHICH HAVE RECENTLY SURFACED.

2. FREDERICKS SAID HE HAD INEVITABLY COME TO CONCLUSION, AS HAS AMBASSADOR, THAT FORD'S PROPOSAL AND NATURE OF ITS PROBLEMS WERE NOT RPT NOT ADEQUATELY UNDERSTOOD AT TOP LEVELS OF GOE. AMBASSADOR'S SUGGESTION REGARDING ANOTHER EARLY (EXPLORATORY) VISIT BY WILLIAMS AND FREDERICKS, AT WHICH THEY MIGHT MEET NOT ONLY WITH SHAFEI BUT ALSO OTHER SENIOR GOE LEADERS (POSSIBLY FAHMY, MOHAMMED RIAD AND PM), WOULD BE DISCUSSED WITH HENRY FORD ON JULY 13.

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3. ON SERIOUSNESS OF FORD'S COMMITMENT TO ITS EGYPTIAN PROPOSAL, FREDERICKS NOTED THIS CAN BE SEEN IN FACT THAT

FORD WOULD BE RELYING ON EGYPT FOR 1/3 OF ITS (DORSET) DIESEL ENGINE OUTPUT REQUIREMENT WORLDWIDE: 50,000 ENGINES ANNUALLY IN EGYPT FOR THE LINE OF VEHICLE IN QUESTION. SOBER AGREED THAT WAS A GOOD POINT, BUT OFFERED VIEW THAT FAHMY WAS PROBABLY REFLECTING WIDESPREAD FEELING AMONG RESPONSIBLE GOE LEADERSHIP THAT A SUBSTANTIAL DIRECT INVESTMENT BY FORD WAS ALSO NECESSARY AS AN EARNEST OF ITS COMMITMENT, ESPECIALLY IN LIGHT OF THE BOYCOTT ISSUE. FREDERICKS AGREED THAT THIS POINT HAS TO BE SERIOUSLY REVIEWED BY FORD, EVEN THOUGH HE THOUGHT THE LONGER-RUN ISSUE FOR EGYPT WAS WHETHER IT WAS TO HAVE A MODERN, TECHNOLOGICALLY SOUND PLANT THAT WOULD PROVIDE A BOOST TO THE NATIONAL ECONOMY, REGARDLESS OF WHERE FUNDS FOR THE INITIAL INVESTMENT CAME FROM.

4. WE SHALL TRY TO REPORT PROMPTLY THE OUTCOME OF COMPANY REPS' MEETING TOMORROW WITH HENRY FORD. KISSINGER

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